

**USAID/Morocco**  
**Operational Plan**

**FY 2006**

June 12, 2006

## **Please Note:**

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**Program Performance Summary FY 2005:** Under the leadership of King Mohammed VI, Morocco has made progress in political, economic and social reform. However, without significant reductions in poverty and higher rates of economic growth, the political achievements of the past decade could be at risk.

Morocco is a middle-income country with the human development of a low-income country. Per capita income is nearly \$1,200, placing it in the lower class of middle-income countries. Approximately 20% of the total population remains under the absolute poverty line (about one dollar per day), with two-thirds being located in rural areas (3.5 million people, or more than 10% of the population). Moreover, about 55% of the rural population and 33% of the urban population are considered “economically vulnerable”.

Social indicators rank among the lowest in the region. Approximately, 48% of adults aged 15 and above were illiterate in 2000, placing Morocco 20th among the 22 Arab League countries (surpassing only Mauritania and Yemen). Women are particularly affected, with a female illiteracy rate of 62%.

Morocco has been undergoing a transformation of its political order from one that achieves stability through a concentration of power and control of political forces, to one that promotes stability through democratization, participation, and decentralization. The government has been a committed partner and recognizes that political reforms must be accelerated and deepened.

**Challenges:** The greatest challenge for Morocco as it moves into the next decade is to institute changes that impact the lives of everyday citizens, including youth. If this challenge is met, it will address not only the root causes of poverty, but also one of the root causes of terrorism.

Despite relative macroeconomic stability, several economic challenges remain. The U.S. Government's highest economic priority in Morocco is the implementation of the U.S.-Morocco Free Trade Agreement (FTA). The FTA offers an opportunity to bring about major economic reforms and restructuring that will attract investment, open global markets, and create jobs. In particular, job creation is a critical element needed to meet the needs of large shares of the population who are striving for better living conditions.

The weaknesses of the basic education system in providing fundamental skills, combined with a lack of career guidance information in schools, and the dearth of relevant job training and placement services contribute to low economic and social returns on education, chronic shortages of well-trained technicians, teachers, and skilled laborers, and a vacuum of generic work skills underpinning a skilled workforce. For the emerging, new generation of farmers-to-be and employees in higher, value-added agribusiness, agro-processing, and other businesses and industries, the current education and training available is inadequate. Without appropriate training and retooling of the workforce, unemployment and equity will likely rise even further.

The Government of Morocco (GOM) has established important legal groundwork for good governance; however, the implementation of these laws and decrees has been slow. There has been a process of political liberalization and Moroccan advocacy non-governmental organizations (NGOs) and local development associations have gained greater competence and confidence. The challenge is to ensure that government is able to partner effectively and respond to the demands of civil society and, in turn, that civil society can participate effectively in the political arena.

**USAID Program:** USAID's program focuses on strategic interventions that support Morocco's efforts to address the challenges outlined above and have the potential to produce broader change. USAID is helping Morocco increase opportunities for trade and investment. One of the key measures of success for this program is job creation. In the area of education, USAID improves training opportunities as well as access to quality and relevant education. The emphasis is school completion and job placement. USAID will work to improve the standards and norms for good governance and assist the government in improving capacity to deliver services in a more effective and efficient way.

**Key Achievements:**

**Increased Opportunities for Trade and Investment:** USAID continued to support the creation of jobs and investment opportunities in irrigated agriculture, agribusiness, rural tourism, and other sectors. Most notably, USAID worked with the Ministry of Agriculture on developing a reform strategy and analytic tools to reduce tariffs and subsidies on inefficient production and to encourage production of more competitive products. This reform strategy represents an important step toward increasing competitiveness in the agriculture sector. The International Executive Service Corps (IESC) Fast Track program assisted Morocco in taking advantage of FTA opportunities. IESC provided assistance to approximately 139 companies and increased exports by \$10 million since its inception in 2003. One-stop investment shops have been created in 16 Regional Investment Centers and a national web-based investment approval system was instituted to increase efficiency. One deal, facilitated in FY 2005, will create an estimated 14,500 new jobs. USAID's support of microfinance helped the sector maintain its leading position in the Middle East and North Africa. Seven microfinance institutions (MFIs) were able to borrow \$22 million from private commercial banks. Twelve Moroccan MFIs now have over 575,000 clients and approximately \$130 million in outstanding credits.

**Education:** USAID's program supports access to quality and relevant education, with an emphasis on middle school, literacy, and vocational training. Models and approaches developed under the previous education program are being replicated and expanded under the new Advanced Learning and Employability for a Better Future program to improve middle schools. USAID trained 230 teachers and inspectors to use computers and eight middle schools were equipped with computer laboratories. These programs integrate information technology (IT) into the curriculum and assist in building the types of skills needed by business. Four thousand women from 16 rural communities are completing functional literacy programs. Local NGOs and the private sector have been partners in achieving this; the private sector is providing additional funding for 80 women from this group to receive basic business training and engage in income-generating programs. A total of 300 hundred students (of which 135 were women) have completed the USAID-Cisco-GOM-UNIFEM sponsored program to achieve e-equality in the IT sector. This program is designed to provide specific IT skills that are directly transferable into the job market.

**Democracy and Governance (DG):** USAID is supporting the development of audit and oversight capacity in order to increase government transparency and accountability. This year, efforts have focused on the Audit Court, as the principal oversight body of public finance and administration. A workshop was held with 100 leaders of the audit and oversight profession with the participation of the U.S. Comptroller General, David Walker. These activities represent initial steps toward strengthening the oversight capacity of this body. While support at the local government level has only recently begun, the community-based coordinating committees established by USAID's program provide an existing mechanism for local governments to implement Morocco's own social development strategy, the National Initiative for Human Development. USAID's legislative program is designed to improve Parliament's fundamental role in overseeing the budget. Over the last year, there has been growing enthusiasm to embrace this role seriously. Participants from a recently completed study tour have identified priorities for Morocco and are engaged in implementing the resulting action plan.

**Integrated Programming (inter-relationship, cross-cutting themes):**

**The National Initiative for Human Development (NIHD):** In May of 2005, King Mohammed VI announced the National Initiative for Human Development. The NIHD is based on the Moroccan vision of consolidating democracy, structuring reforms around economic growth, and expanding human development on economic, social, and cultural dimensions, while using principles of good governance. This initiative outlines four key objectives: to support revenue-generating activities, to improve access to basic social infrastructure such as health, education, water, and electricity, to support social, cultural and sports activities, and to strengthen local governance. USAID is in the process of ensuring that its program will fully support three of these objectives, specifically, job creation, improving education, and increasing the capacity of local government.

**War on Terror:** The terrorist bombings in Casablanca in May 2003 had a galvanizing impact on both the

Moroccan public and leadership. This event brought into sharp focus Morocco's importance to the United States as its oldest ally and as a stable, democratizing Arab nation. Over the last year, the NIHD represented an understanding by the GOM that citizens must begin to see the positive effect of reforms. USAID's program is designed to assist the GOM in addressing the root causes of extremism. Employment is a key determinant for poverty; extremists find recruits among those who do not have a productive role in society. USAID's program also increases literacy for women and girls because more educated women are less susceptible to various forms of extremism. More effective and transparent democratic institutions improve citizen's confidence and strengthen their stake in democracy. As these systems take root and expand, opportunities for extremism are reduced.

**Information and Community Technology:** Information technology is viewed as a key skill required by the private sector. As a result of USAID's program, 385 students (144 women) have been trained on information technology under the education program in order to facilitate job placement, which contributes to the economic growth program.

**Gender Implications and Cross-cutting Activities:** USAID has played a key role in increasing awareness of the revised Moroccan Family Code (or Moudawana), which advances the rights of women. USAID produced a practical manual for women, lawyers and NGOs in order to promote the use of the code and thereby protect women's rights. Over 400 women were trained on the new family code and human rights for women and 1,750 posters about the new code were distributed. USAID has also assisted in developing and testing basic materials in "Darija" and "Amazigh" (Berber) in order to reach a wider audience; this was something that had never been done before due to political concerns. This effort is important in terms of ensuring that women understand their roles and rights in society.

**Other Donors:** France is the largest bilateral donor, followed by Germany, Spain, Canada, and Japan. Multilateral donors (EU and World Bank) focus on large policy reform programs in multiple sectors. USAID's program has evolved to focus on specific and critical niches, where gaps exist and where USAID has demonstrated a comparative advantage.

**FY 2006 Program****SO: 608-011 Increased Opportunities for Trade and Investment****Improve Economic Policy and the Business Environment**

Improve Economic Policy and the Business Environment (\$1,250,000 DA). The program is developing working groups of public and private sector stakeholders to address business climate issues that affect the successful implementation of the FTA, economic growth, and job creation. Training is being provided for judges and related court personnel in intellectual property rights (IPR) and other subjects that are important for FTA success. In the financial sector, the program builds on ongoing efforts by the bankers association, the finance companies association, the association of microfinance institutions, and the central bank to create a privately-operated credit reference bureau. Specific recommendations are being developed on how to revise the existing tax laws to encourage economic growth and job creation. Principal Implementer: Development Alternatives Inc. (DAI).

**Improve Private Sector Competitiveness**

Improve Private Sector Competitiveness (\$1,100,000 DA). The program is initially focusing on sectors that are likely to benefit most from the reduction in tariffs that will take place at the onset of the FTA on January 1, 2006, such as textiles, apparel, and processed fish products. Assistance to Moroccan enterprises includes market intelligence; training on laws, regulations, and industry norms governing the entry of products into the American market; introduction to potential buyers; and logistical support. Principal Implementers: Nathan and Associates and International Executive Service Corps (IESC).

**Increase Agricultural Sector Productivity**

Increase Agricultural Sector Productivity (\$1,115,000 DA; \$4,450,000 ESF; \$2,000,000 ESF Prior Year Unobligated). Policy reform activities involve work on domestic market issues, border protection, and subsidies. The program is working with the Ministries of Agriculture and Interior on liberalizing domestic wholesale fruit and vegetable markets and slaughterhouses, both of which are currently owned or controlled by local municipalities. This involves an examination of alternative sources of revenues as well as privatization modalities. Such liberalization is closely linked to the technical assistance and training provided to selected product value chains. The program is initiating pilot activities to improve the quality and reduce the costs in selected value chains. These include the introduction of grades and standards, certification systems, improved irrigation techniques, and market information systems. Principal Implementer: Chemonics.

**FY 2007 Program****SO: 608-011 Increased Opportunities for Trade and Investment****Improve Economic Policy and the Business Environment**

Improve Economic Policy and the Business Environment (\$3,100,000 ESF). Training will continue for commercial court judges and related court personnel to improve court effectiveness. In the financial sector, work will continue on the establishment of a private credit reference bureau, improved financial disclosure, and modern collateral registry systems. In addition, advice and assistance will be provided to microfinance institutions on revising their legal structure to better respond to needs of clients. Based on the response of the Ministry of Finance to initial recommendations on tax issues, further assistance may be provided on implementation. Principal Implementer: DAI.

**Improve Private Sector Competitiveness**

Improve Private Sector Competitiveness (\$2,100,000 ESF). The program will continue to provide

assistance in sectors that are likely to benefit most from the reduction in tariffs resulting from the FTA between Morocco and the United States. It will gradually add sectors and products with good potential for export and job creation but which require more intensive technical assistance and training. Opportunities for mutually-beneficial inward direct foreign investment will also be explored. Principal Implementers: Nathan and Associates and IESC.

### **Increase Agricultural Sector Productivity**

Increase Agricultural Sector Productivity (\$2,000,000 DA; \$2,800,000 ESF). Policy reform activities continue to focus on domestic market issues, border protection, and subsidies. However, increased emphasis will be placed on reform of the cereals market as a complement to the policy work related to the development of alternative products such as olive oil, medicinal and aromatic plants, and sheep and goats. Pilot activities (technical assistance, training, demonstrations) in support of these products will continue in each of the three target regions. Principal Implementer: Chemonics.

### **FY 2006 Program**

#### **SO: 608-012 Improved Education and Training for Employment**

### **Achieve Equitable Access to Quality Basic Education**

Achieve Equitable Access to Quality Basic Education (\$2,376,000 DA). USAID is working with school management councils of up to 90 middle schools and their feeder schools to analyze the quality and relevance of the schools and programs. USAID is also working with these councils to set education goals and develop school improvement plans that include training, limited refurbishing, and community mobilization. The program is creating and validating relevant teaching material and equipping teachers with methodologies to fill the 30% of the curricula that is the responsibility of the regions and provinces. The program also assesses the training needs of school principals in financial management, gender equity, and in the mobilization of private and public resources. USAID seeks to increase girls' retention through ninth grade by awarding 12 additional grants to local non-governmental organizations (NGOs) for the creation of dormitories in order to address a key impediment for girls to access schools. The program is also completing the installation of computer laboratories in middle schools, and training teachers and inspectors to use the computer as a pedagogical tool. USAID will be developing and testing Moudawana literacy materials and awarding grants to up to 16 NGOs for literacy training and testing of materials for 1,600 rural women. Principal Implementers: Academy for Educational Development (AED), Helen Keller International (HKI), Rural Girls' Scholarship Committee, and Creative Associates International Incorporated.

### **Improve Quality of Workforce through Vocational/Technical Education**

Improve Quality of Workforce through Vocational/Technical Education (\$2,376,000 DA). USAID is beginning the implementation of a jointly developed government and private sector institution strengthening strategy for agriculture in 15 vocational training institutions. The program is developing a similar strategy for tourism and IT. The program assists in identifying the specific needs for each sector, trains faculty, and develops materials for improved relevance of training programs. Activities are being developed to improve the job orientation process for successful recruitment of graduates and to develop systems for student tracking within the training institutions. The program is also enhancing faculty skills in the use of IT as a pedagogical tool and assisting in the development of a vocational training portal. Entrepreneurship training is an important part of the program to stimulate self-employment. The fully-funded partnership with the Government of Morocco (GOM), Cisco, and the United Nations Development Fund for Women (UNIFEM) for Achieving E-equality in the IT sector will be evaluated in May 2006 for a possible expansion of the program beyond August 2006. Principal Implementers: AED and UNIFEM.

### **FY 2007 Program**

#### **SO: 608-012 Improved Education and Training for Employment**

### **Achieve Equitable Access to Quality Basic Education**

Achieve Equitable Access to Quality Basic Education (\$1,700,000 DA; \$1,000,000 ESF). Through this program, USAID expects to be engaged in the implementation of school projects and the use of training materials to improve the relevance of middle school education and to equip students with adaptable and portable skills. Computer labs are expected to be fully integrated in middle school operations. Principals will receive training to improve the performance of their schools and management councils, and to be better aware of community expectations. Materials for the women's literacy program will be validated for potential use at the national level. The Middle East Partnership Initiative (MEPI)-funded girls' scholarship program will be completed. Principal Implementers: AED and Creative Associates International Incorporated.

### **Improve Quality of Workforce through Vocational/Technical Education**

Improve Quality of Workforce through Vocational/Technical Education (\$1,700,000 DA; \$1,000,000 ESF). USAID expects to be in full implementation of the training strategies for agriculture, tourism, and IT. The program will also have the first graduates, who will be tracked for employability, including self-employment, as a result of entrepreneurship training. USAID expects to have alliances in place with the economic sector in support of vocational training. Principal Implementers: AED and UNIFEM.

### **FY 2006 Program**

#### **SO: 608-013 Improved Government Responsiveness to Citizens**

### **Promote And Support Anti-Corruption Reforms**

Promote and Support Anti-Corruption Reforms (\$600,000 ESF). USAID is providing training and technical assistance to strengthen the capacity of public auditing and oversight professionals. Activities target executive branch organs as well as Morocco's Audit Court, the country's supreme audit and oversight institution. By enhancing professionalism and skills leading to strengthened audit and oversight capacities, Morocco's public finances will be administered more transparently and with greater accountability. Principal Implementer: The Research Triangle Institute (RTI).

### **Promote and Support Credible Elections Processes**

Promote and Support Credible Elections Processes (\$400,000 ESF). With the next round of Parliamentary elections due to take place in September 2007, USAID is supporting the proper administration of political campaigns and elections. Training and technical assistance is being provided to political parties operating under the new legal framework, electoral institutions charged with the administration of the electoral process, and individual political actors in order to assure the candidacies of under-represented groups, especially women. Principal Implementer: To Be Determined.

### **Strengthen the Legislative Function/Legal Framework**

Strengthen the Legislative Function/Legal Framework (\$2,440,000 ESF). Training and technical assistance under USAID's Parliament Support Project is continuing to improve the capacity of Morocco's Parliament to oversee the national budget. This support is assisting in the development of a joint budget office. Additional training is promoting improved involvement of Members of Parliament in the legislative process. A transcription service is being established to record parliamentary activities to inform legislative services and for public information. Principal Implementer: The State University of New York (SUNY).

### **Support Democratic Local Government & Decentralization**



Support Democratic Local Government and Decentralization (\$3,000,000 ESF). USAID is improving the capacity of local government to be able to respond more effectively to the needs of citizens. Training is improving the understanding of roles and responsibilities and governance skills among local elected officials. A participatory strategic planning system is being established to engage citizens in the planning process. Communal planning, budgeting, and information systems are being developed to improve the efficiency of local government service delivery. Local government access to long-term financing is being piloted in order to expand the financial resources of local government to use in responding to citizen needs. Principal Implementer: RTI.

#### **FY 2007 Program**

#### **SO: 608-013 Improved Government Responsiveness to Citizens**

##### **Promote And Support Anti-Corruption Reforms**

Promote And Support Anti-Corruption Reforms (\$1,360,000 ESF). In FY 2007, USAID will reach out to develop the capacities of the Audit Courts, especially those at the regional level. At this stage, it will be particularly important to reach out to citizens and promote activities that will lead to greater confidence in the oversight and administration of public finances. Principal Implementer: RTI.

##### **Strengthen the Legislative Function/Legal Framework**

Strengthen the Legislative Function/Legal Framework (\$580,000 ESF). The Parliament Support Project will deliver technical assistance to help assure the attention of Parliament to its responsibilities for budgetary oversight and technical review of proposed legislation. Training systems and a training program will be designed for the benefit of newly elected members of Parliament following the elections in September 2007. Principal Implementer: SUNY.

##### **Support Democratic Local Government & Decentralization**

Support Democratic Local Government and Decentralization (\$6,060,000 ESF). USAID will work with authorities at the local levels to assure capacities and tools to improve local government performance. Support will continue to targeted municipalities to augment their approaches to planning and budget management. Methodologies for integrating citizens into planning processes will be introduced, and mechanisms for improved access to municipal finance will be piloted. Information systems will be provided to better administer public resources. Principal Implementer: RTI.

## **Results Framework**

### **608-011 Increased Opportunities for Trade and Investment**

#### **Program Title: Free Trade Agreement Support**

11.1: Increased Productivity in Agriculture and Agribusiness

11.2: Business Opportunities outside of Agriculture and Agribusiness Expanded

11.3: Business Environment Improved

### **608-012 Improved Education and Training for Employment**

#### **Program Title: Education For a Better Future**

12.1: Increased number of students graduating from grade 9 with portable and adaptable skills

12.2: Increased Job-related skills in target populations

**Discussion:** No changes were made in the SO level indicators and Intermediate Result statements.

### **608-013 Improved Government Responsiveness to Citizens**

#### **Program Title: Improved Government Responsiveness**

13.1: National Enabling Environment Improved

13.2: Improved Government Transparency

13.3: Local Government Performance Improved